United Nations S/2005/702

Security Council

Distr.: General
9 November 2005

Original: English

## Letter dated 2 November 2005 from the Secretary-General addressed to the President of the Security Council

I have the honour to refer to Security Council resolution 1284 (1999), by which the Council established, as a subsidiary body of the Council, the United Nations Monitoring, Verification and Inspection Commission. Reference is also made to the related resolutions 687 (1991) and 706 (1991).

Your attention is drawn to the status of funds with regard to the escrow account established under the above-mentioned resolutions. As at 30 June 2005, the reserves and fund balances of this account amounted to some $121.1 million. I have now received a request from the Government of Iraq that $2,182,168 plus €226,493 be used to settle the outstanding arrears of the Government of Iraq with the International Atomic Energy Agency (IAEA). Bearing in mind the resources required to be retained in the account, it is proposed that, subject to the concurrence of the Council, this amount be credited against assessments issued in respect of the obligations of the Government of Iraq for the IAEA budget. You will recall that, in June 2005, a similar request in the amount of $20,256,697 was approved by the Security Council in respect of the obligations of the Government of Iraq for regular budget, peacekeeping and Tribunal activities of the Organization.

I should be grateful if you would bring this to the attention of the members of the Security Council.

(*Signed*) Kofi A. **Annan**

05-59511 (E) 091105

United Nations S/2005/703

# Security Council

Distr.: General
9 Nov[illegible]ber 2005

Original: English

## Letter dated 9 November 2005 from the President of the Security Council addressed to the Secretary-General

I have the honour to respond to your letter of 2 November 2005 (S/2005/702), in which you referred to Security Council resolution 1284 (1999), by which the Council established the United Nations Monitoring, Verification and Inspection Commission, and to the related resolutions 687 (1991) and 706 (1991).

I wish to inform you that the Security Council has decided to approve the proposal contained in your letter that $2,182,168 plus €226,493 be transferred from the escrow account established under the above-mentioned resolutions to be credited against assessments issued in respect of the obligations of the Government of Iraq for the International Atomic Energy Agency budget.

(*Signed*) Andrey I. **Denisov**
President of the Security Council

05-59523 (E) 091105

United Nations S/2005/704

Security Council

Distr.: General
7 November 2005

Original: English

**Denmark, Japan, Romania, the United Kingdom of Great Britain and Northern Ireland and the United States of America: draft resolution**

*The Security Council,*

*Welcoming* the beginning of a new phase in Iraq's transition and looking forward to the completion of the political transition process as well as to the day Iraqi forces assume full responsibility for the maintenance of security and stability in their country, thus allowing the completion of the multinational force mandate,

*Recalling* all of its previous relevant resolutions on Iraq,

*Reaffirming* the independence, sovereignty, unity, and territorial integrity of Iraq,

*Reaffirming also* the right of the Iraqi people freely to determine their own political future and control their own natural resources,

*Welcoming* the commitment of the Transitional Government of Iraq to work towards a federal, democratic, pluralistic, and unified Iraq, in which there is full respect for political and human rights,

*Calling upon* the international community, particularly countries in the region and Iraq's neighbours, to support the Iraqi people in their pursuit of peace, stability, security, democracy, and prosperity, and *noting* the contribution that the successful implementation of this resolution will bring to regional stability,

*Welcoming* the assumption of full governmental authority by the Interim Government of Iraq on 28 June 2004, the direct democratic elections of the Transitional National Assembly on 30 January 2005, the drafting of a new constitution for Iraq and the recent approval of the draft constitution by the people of Iraq on 15 October 2005,

*Noting* that the Government of Iraq established as a result of the election scheduled to take place by 15 December 2005 will play a critical role in continuing to promote national dialogue and reconciliation and in shaping the democratic future of Iraq and *reaffirming* the willingness of the international community to work closely with the Government of Iraq with respect to efforts to assist the Iraqi people,

*Calling upon* those who use violence in an attempt to subvert the political process to lay down their arms and participate in the political process, including in the election scheduled for 15 December, and encouraging the Government of Iraq to

05-59271 (E) 081105

engage with all those who renounce violence and to promote a political atmosphere conducive to national reconciliation and political competition through peaceful democratic means,

*Reaffirming* that acts of terrorism must not be allowed to disrupt Iraq's political and economic transition, and further *reaffirming* the obligations of Member States under resolution 1618 (2005) of 4 August 2005 and other relevant resolutions and international obligations with respect, inter alia, to terrorist activities in and from Iraq or against its citizens,

*Recognizing* the request conveyed in the letter of 27 October 2005 from the Prime Minister of Iraq to the President of the Council, which is annexed to this resolution, to retain the presence of the multinational force in Iraq, and *further recognizing* the importance of consent of the sovereign Government of Iraq for the presence of the multinational force and of close coordination between the multinational force and that government,

*Welcoming* the willingness of the multinational force to continue efforts to contribute to the maintenance of security and stability in Iraq, including participating in the provision of humanitarian and reconstruction assistance, as described in the letter of 29 October 2005 from the United States Secretary of State to the President of the Council, which is annexed to this resolution,

*Recognizing* the tasks and arrangements set out in the letters annexed to resolution 1546 (2004) of 8 June 2004 and the cooperative implementation by the Government of Iraq and the multinational force of those arrangements,

*Affirming* the importance for all forces promoting the maintenance of security and stability in Iraq to act in accordance with international law, including obligations under international humanitarian law, and to cooperate with relevant international organizations, and *welcoming* their commitments in this regard,

*Recalling* the establishment of the United Nations Assistance Mission for Iraq (UNAMI) on 14 August 2003, *underlining* the particular importance of UNAMI assistance for the upcoming election by 15 December 2005 of a government pursuant to a newly adopted Constitution, and *affirming* that the United Nations should continue to play a leading role in assisting the Iraqi people and government with further political and economic development, including advising and supporting the Government of Iraq, as well as the Independent Electoral Commission of Iraq, contributing to coordination and delivery of reconstruction, development and humanitarian assistance, and promoting the protection of human rights, national reconciliation, as well as judicial and legal reform in order to strengthen the rule of law in Iraq,

*Recognizing* that international support for security and stability is essential to the well-being of the people of Iraq as well as the ability of all concerned, including the United Nations, to carry out their work on behalf of the people of Iraq, and *expressing* appreciation for Member State contributions in this regard under resolution 1483 (2003) of 22 May 2003, resolution 1511 (2003) of 16 October 2003 and resolution 1546 (2004),

*Recognizing* that the Government of Iraq will continue to have the primary role in coordinating international assistance to Iraq and *reaffirming* the importance

of international assistance and development of the Iraqi economy and the importance of coordinated donor assistance,

*Recognizing* the significant role of the Development Fund for Iraq and the International Advisory and Monitoring Board in helping the Government of Iraq to ensure that Iraq's resources are being used transparently and equitably for the benefit of the people of Iraq,

*Determining* that the situation in Iraq continues to constitute a threat to international peace and security,

*Acting* under Chapter VII of the Charter of the United Nations,

1. *Notes* that the presence of the multinational force in Iraq is at the request of the Government of Iraq and, having regard to the letters annexed to this resolution, *reaffirms* the authorization for the multinational force as set forth in resolution 1546 (2004) and *decides* to extend the mandate of the multinational force as set forth in that resolution until 31 December 2006;

2. *Decides* further that the mandate for the multinational force shall be reviewed at the request of the Government of Iraq or no later than 15 June 2006, and *declares* that it will terminate this mandate earlier if requested by the Government of Iraq;

3. *Decides* to extend until 31 December 2006 the arrangements established in paragraph 20 of resolution 1483 (2003) for the depositing into the Development Fund for Iraq of proceeds from export sales of petroleum, petroleum products, and natural gas and the arrangements referred to in paragraph 12 of resolution 1483 (2003) and paragraph 24 of resolution 1546 (2004) for the monitoring of the Development Fund for Iraq by the International Advisory and Monitoring Board;

4. *Decides* further that the provisions in the above paragraph for the deposit of proceeds into the Development Fund for Iraq and for the role of the International Advisory and Monitoring Board shall be reviewed at the request of the Government of Iraq or no later than 15 June 2006;

5. *Requests* that the Secretary-General continue to report to the Council on UNAMI's operations in Iraq on a quarterly basis;

6. *Requests* that the United States, on behalf of the multinational force, continue to report to the Council on the efforts and progress of this force on a quarterly basis;

7. *Decides* to remain actively seized of the matter.

United Nations S/2005/704*

Security Council

Distr.: General
9 November 2005

Original: English

**Denmark, Japan, Romania, the United Kingdom of Great Britain and Northern Ireland and the United States of America: draft resolution**

*The Security Council,*

*Welcoming* the beginning of a new phase in Iraq's transition and looking forward to the completion of the political transition process as well as to the day Iraqi forces assume full responsibility for the maintenance of security and stability in their country, thus allowing the completion of the multinational force mandate,

*Recalling* all of its previous relevant resolutions on Iraq,

*Reaffirming* the independence, sovereignty, unity, and territorial integrity of Iraq,

*Reaffirming also* the right of the Iraqi people freely to determine their own political future and control their own natural resources,

*Welcoming* the commitment of the Transitional Government of Iraq to work towards a federal, democratic, pluralistic, and unified Iraq, in which there is full respect for political and human rights,

*Calling upon* the international community, particularly countries in the region and Iraq's neighbours, to support the Iraqi people in their pursuit of peace, stability, security, democracy, and prosperity, and *noting* the contribution that the successful implementation of this resolution will bring to regional stability,

*Welcoming* the assumption of full governmental authority by the Interim Government of Iraq on 28 June 2004, the direct democratic elections of the Transitional National Assembly on 30 January 2005, the drafting of a new constitution for Iraq and the recent approval of the draft constitution by the people of Iraq on 15 October 2005,

*Noting* that the Government of Iraq established as a result of the election scheduled to take place by 15 December 2005 will play a critical role in continuing to promote national dialogue and reconciliation and in shaping the democratic future of Iraq and *reaffirming* the willingness of the international community to work closely with the Government of Iraq with respect to efforts to assist the Iraqi people,

* Reissued for technical reasons.

05-59271* (E) 091105

*Calling upon* those who use violence in an attempt to subvert the political process to lay down their arms and participate in the political process, including in the election scheduled for 15 December, and encouraging the Government of Iraq to engage with all those who renounce violence and to promote a political atmosphere conducive to national reconciliation and political competition through peaceful democratic means,

*Reaffirming* that acts of terrorism must not be allowed to disrupt Iraq's political and economic transition, and further *reaffirming* the obligations of Member States under resolution 1618 (2005) of 4 August 2005 and other relevant resolutions and international obligations with respect, inter alia, to terrorist activities in and from Iraq or against its citizens,

*Recognizing* the request conveyed in the letter of 27 October 2005 from the Prime Minister of Iraq to the President of the Council, which is annexed to this resolution, to retain the presence of the multinational force in Iraq, and *further recognizing* the importance of consent of the sovereign Government of Iraq for the presence of the multinational force and of close coordination between the multinational force and that government,

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*Recognizing* the tasks and arrangements set out in the letters annexed to resolution 1546 (2004) of 8 June 2004 and the cooperative implementation by the Government of Iraq and the multinational force of those arrangements,

*Affirming* the importance for all forces promoting the maintenance of security and stability in Iraq to act in accordance with international law, including obligations under international humanitarian law, and to cooperate with relevant international organizations, and *welcoming* their commitments in this regard,

*Recalling* the establishment of the United Nations Assistance Mission for Iraq (UNAMI) on 14 August 2003, *underlining* the particular importance of UNAMI assistance for the upcoming election by 15 December 2005 of a government pursuant to a newly adopted Constitution, and *affirming* that the United Nations should continue to play a leading role in assisting the Iraqi people and government with further political and economic development, including advising and supporting the Government of Iraq, as well as the Independent Electoral Commission of Iraq, contributing to coordination and delivery of reconstruction, development and humanitarian assistance, and promoting the protection of human rights, national reconciliation, as well as judicial and legal reform in order to strengthen the rule of law in Iraq,

*Recognizing* that international support for security and stability is essential to the well-being of the people of Iraq as well as the ability of all concerned, including the United Nations, to carry out their work on behalf of the people of Iraq, and *expressing* appreciation for Member State contributions in this regard under resolution 1483 (2003) of 22 May 2003, resolution 1511 (2003) of 16 October 2003 and resolution 1546 (2004),

*Recognizing* that the Government of Iraq will continue to have the primary role in coordinating international assistance to Iraq and *reaffirming* the importance of international assistance and development of the Iraqi economy and the importance of coordinated donor assistance,

*Recognizing* the significant role of the Development Fund for Iraq and the International Advisory and Monitoring Board in helping the Government of Iraq to ensure that Iraq's resources are being used transparently and equitably for the benefit of the people of Iraq,

*Determining* that the situation in Iraq continues to constitute a threat to international peace and security,

*Acting* under Chapter VII of the Charter of the United Nations,

1. *Notes* that the presence of the multinational force in Iraq is at the request of the Government of Iraq and, having regard to the letters annexed to this resolution, *reaffirms* the authorization for the multinational force as set forth in resolution 1546 (2004) and *decides* to extend the mandate of the multinational force as set forth in that resolution until 31 December 2006;

2. *Decides* further that the mandate for the multinational force shall be reviewed at the request of the Government of Iraq or no later than 15 June 2006, and *declares* that it will terminate this mandate earlier if requested by the Government of Iraq;

3. *Decides* to extend until 31 December 2006 the arrangements established in paragraph 20 of resolution 1483 (2003) for the depositing into the Development Fund for Iraq of proceeds from export sales of petroleum, petroleum products, and natural gas and the arrangements referred to in paragraph 12 of resolution 1483 (2003) and paragraph 24 of resolution 1546 (2004) for the monitoring of the Development Fund for Iraq by the International Advisory and Monitoring Board;

4. *Decides* further that the provisions in the above paragraph for the deposit of proceeds into the Development Fund for Iraq and for the role of the International Advisory and Monitoring Board shall be reviewed at the request of the Government of Iraq or no later than 15 June 2006;

5. *Requests* that the Secretary-General continue to report to the Council on UNAMI's operations in Iraq on a quarterly basis;

6. *Requests* that the United States, on behalf of the multinational force, continue to report to the Council on the efforts and progress of this force on a quarterly basis;

7. *Decides* to remain actively seized of the matter.

## Annex I

### Letter dated 27 October 2005 from the Prime Minister of Iraq addressed to the President of the Security Council

[Original: Arabic]

Sir,

On 15 December 2005 Iraq voted in a general referendum held at the national level for the purpose of approving a new Constitution for Iraq. The country thus took another important step towards building a strong democratic future and establishing a Government elected in accordance with a permanent Constitution. At the same time, Iraq is approaching the completion of its political transformation through the process of electing its future legislative authority and forming a new Government, which is to take place in December 2005. There still remains an extensive agenda for reconstruction and political development, the realization of which will require security and stability.

We are proceeding towards political stability and economic prosperity and taking fundamental steps towards restoring security and stability. Yet Iraq is still confronted by forces of terrorism that incorporate foreign elements which carry out horrific attacks and terrorist acts in an attempt to thwart political and economic development in Iraq. The Iraqi security forces, which are growing in size, capacity and experience day by day, need more time to fill out their ranks, fully equip themselves and complete their training with a view to assuming responsibility for all security matters and providing adequate security for the Iraqi people. Until such time as the Iraqi security forces assume full responsibility for Iraq's security, we need the continued support of the international community, including the participation of the Multinational Force, in order to establish lasting peace and security in Iraq. We understand that the Multinational Force is willing to continue its efforts. We therefore request the Security Council to extend, for a period of 12 months starting 31 December 2005, the mandate of the Multinational Force, as provided in Council resolution 1546 (2004), including the tasks and arrangements specified in the letters annexed thereto, with the proviso that the Council shall review that mandate upon being so requested by the Government of Iraq or at the end of a period of eight months from the date of the resolution and declare, in the extension, that it will terminate the mandate before the expiry of that period should the Government of Iraq so request.

The Government of Iraq believes that the provisions of resolution 1546 (2004) relating to the deposit of proceeds into the Development Fund for Iraq and the role of the International Advisory and Monitoring Board will help to ensure that Iraq's natural resources are used for the benefit of the Iraqi people. We understand that the funds deposited in the Development Fund for Iraq belong to Iraq and will continue to enjoy the immunities and privileges of the Fund, given the importance of those terms for the Iraqi people during this critical period. We request the Security Council to extend the validity of those terms for an additional 12 months and to review them upon being so requested by the Government of Iraq or at the end of a period of eight months from the date of the resolution.

The Iraqi people are determined to establish for themselves a stable, peaceful democracy, which will provide the basis for the establishment of a vibrant economy.

This vision of Iraq's future can become a reality with the help of the international community.

It is my understanding that the sponsors intend to have the present letter annexed to the resolution on Iraq currently being drafted. In the meantime, I should be grateful if you would have copies of this letter circulated to the members of the Security Council as soon as possible.

(*Signed*) Ibrahim Aleshaiker **Al-Jaafari**
Prime Minister

27 October 2005

## Annex II

### Letter dated 29 October 2005 from the Secretary of State of the United States of America to the President of the Security Council

Having reviewed the request of the Government of Iraq to extend the mandate of the Multinational Force (MNF) in Iraq (S/2005/687) and following consultations with the Government of Iraq, I am writing to confirm, consistent with this request, that the MNF under unified command stands ready to continue to fulfil its mandate as set out in Security Council resolution 1546 (2004).

Since the end of the occupation on 28 June 2004, the Government of Iraq and the MNF have developed an effective and cooperative security partnership to address the evolving nature of Iraq's security environment, including the continuing need to prevent and deter acts of terrorism. This partnership plays a critical role in the daily efforts to improve security throughout Iraq. In the context of this partnership, the MNF is prepared to continue to undertake a broad range of tasks to contribute to the maintenance of security and stability and to ensure force protection, acting under the authorities set forth in resolution 1546 (2004), including the tasks and arrangements set out in the letters annexed thereto, and in close cooperation with the Government of Iraq. The forces that make up the MNF will remain committed to acting consistently with their obligations under international law, including the law of armed conflict.

Substantial progress has already been made in helping to build and train the Iraqi Security Forces (ISF), allowing them to take on increasing security responsibilities. The Government of Iraq and the MNF are developing a security plan to set forth the conditions necessary for transfer of security responsibility from the MNF to the ISF. Conditions permitting, we look forward to notable progress in the next year. Together, we will build towards the day when the Iraqi forces assume full responsibility for the maintenance of security and stability in Iraq.

The co-sponsors intend to annex the present letter to the resolution on Iraq under consideration. In the meantime, I request that you provide copies of the present letter to members of the Council as quickly as possible.

(*Signed*) Condoleezza **Rice**

United Nations S/2005/705

Security Council

Distr.: General
7 November 2005

Original: English

**Letter dated 31 October 2005 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council**

I write with reference to my letter of 25 July 2005 (S/2005/484). The Counter-Terrorism Committee has received the attached sixth report from Bulgaria submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I would be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Ellen Margrethe **Løj**
Chairman
Security Council Committee established pursuant to
resolution 1373 (2001) concerning counter-terrorism

05-59573 (E) 151105

## Annex

### Note verbale dated 19 October 2005 from the Permanent Mission of Bulgaria to the United Nations addressed to the Chairman of the Counter-Terrorism Committee

The Permanent Mission of the Republic of Bulgaria to the United Nations presents its compliments to the Chairman and has the honour to submit the sixth report of the Republic of Bulgaria on measures taken to implement Security Council resolution 1373 (2001) (see enclosure).

Enclosure

# Sixth report of the Republic of Bulgaria to the Counter-Terrorism Committee pursuant to paragraph 6 of Security Council resolution 1373 (2001)

In compliance with Paragraph 6 of Resolution 1373 (2001) and in response to the Letter from the Chairman of the Counter-Terrorism Committee, No. S/AC.40/2005/MS/OC.492 of 13 July 2005, we submit hereby the answers of the Bulgarian party to the additional questions raised in relation to the National Report on the measures taken by the Republic of Bulgaria in implementation of Resolution 1373 (2001).

*1. Implementation Measures*

***1.1 Regarding the enactment of the draft Law on Forfeiture of Criminal Assets that is under consideration in the Parliament, the CTC would appreciate being informed of its final approval.***

The Law on Forfeiture of Criminal Assets was adopted by the 39th National Assembly on 16 February 2005 and published in the *State Gazette*, No 19 of 1 March 2005. The Law introduces a comprehensive system for establishment and forfeiture of proceeds from criminal activity.

According to Article 3 (1), proceedings under this Law shall be initiated, whenever it has already been established that a certain individual has:

1. Acquired property of considerable value, in regard to which a reasonable assumption could be made that it has been accumulated from criminal activity, and
2. Criminal proceedings have been initiated against the individual in regard to any of the crimes under the Criminal Code, which have been exhaustively listed in the Law on Forfeiture of Criminal Assets, including: terrorism /Article 108a (1)/; financing of terrorism /Article 108a (2)/; establishment, leadership and membership of criminal group, intending to commit crimes under Article 108a (1) and (2) /Article 109/; preparations for terrorism /Article 110/; money laundering /Article 253/; and preparations for money laundering /Article 253a/.

Pursuant to Article 15 (1) of the Law, within the framework of the Commission on Establishment of Criminal Assets (set up under the Law on Forfeiture of Criminal Assets and constituted on 5 August 2005) directors of territorial directorates and inspectors in these directorates conduct checks and collect evidence in order to establish the origin and the location of property, in regard to which data are available that it has been directly or indirectly obtained from criminal activity.

Pursuant to the Law on Forfeiture of Criminal Assets any information, required for the checks under this Law, shall be provided on a priority basis to the authorities for establishment of criminal assets by the Financial Intelligence Agency, the Public Internal Financial Control Agency, the National Audit Office, the Privatization Agency, the Post-Privatization Control Agency, the Customs Agency, the tax administration, the registration services, the district courts which keep commercial registers, and the respective offices of the municipal and the regional administration.

The changes, provided for by this Law, have been introduced also in previous legislative acts, such as: Law on Measures against Financing of Terrorism, Law on Notaries and the Notarial Activity, the Law on Banking, Tax Procedure Code, Law on Public Offering of Securities.

***1.2. In the same regard, the CTC would be grateful to be informed of the amendment of Administrative Offences and Punishments Act and the adoption by Parliament of the Code of Administrative procedure, which are pending.***

The amendments of the Administrative Offences and Punishments Act (AOPA), related to the liability of legal entities for crimes, have been separated from the draft Code of Administrative Procedure and were tabled before the 40th National Assembly on 24 August 2005 as an individual Law Amending and Supplementing AOPA in order to ease debate and speed up their adoption.

The amendments of AOPA, regulating the liability of legal entities for crimes, were adopted by the Parliament on 21 September and were promulgated in *State Gazette*, No. 79 on 4 October 2005.

Pursuant to Article 83a of AOPA, legal entities which have enriched themselves or would have enriched themselves from the crimes expressly indicated, shall be punished by a property sanction of up to BGN 1 000 000 (leva) for offences, including: terrorism and financing of terrorism /Article 108a of the Criminal Code/; establishment, leadership and membership of organized terrorist group /Article 109 of the Criminal Code/; preparations for terrorism /Article 110 of the Criminal Code/; manifest incitement to terrorism /Article 320a of the Criminal Code/; and threat to commit terrorist act /Article 320a of the Criminal Code/. This property sanction shall be imposed separately and regardless of the enforcement of the criminal liability of the perpetrator /Article 83a (3) of AOPA/.

Proceedings under Article 83a are initiated by a substantiated proposal from the respective prosecutor to the district court, after the bringing in of the indictment against the perpetrator /Article 83b (1) of AOPA/.

• • •

In addition to the above we would like to inform the Counter-Terrorism Committee that on 14 September 2005 the President of the Republic of Bulgaria signed in New York the UN International Convention for the Suppression of Acts of Nuclear Terrorism, and that we are completing the procedure for Bulgaria's accession to the Council of Europe Convention on the Prevention of Terrorism.

United Nations S/2005/706

# Security Council

Distr.: General
8 November 2005

Original: English

## Letter dated 7 November 2005 from the Secretary-General addressed to the President of the Security Council

I have the honour to refer to the attached communication, dated 2 November 2005, from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina (see annex).

I should be grateful if this letter could be brought to the attention of the members of the Security Council.

(*Signed*) Kofi A. **Annan**

05-58519 (E) 101105

## Annex

### Letter dated 2 November 2005 from the High Representative for the Implementation of the Peace Agreement on Bosnia and Herzegovina addressed to the Secretary-General

Pursuant to Security Council resolution 1031 (1995) of 15 December 1995, in which the Council requested the Secretary-General to submit to the Council reports from the High Representative in accordance with annex 10 of the General Framework Agreement for Peace in Bosnia and Herzegovina and the Conclusions of the London Peace Implementation Conference of 8 and 9 December 1995, I herewith present to you the twenty-eighth report. I would ask you kindly to submit this report to the Security Council members for their consideration.

(*Signed*) Paddy **Ashdown**

**Enclosure**

## Twenty-eighth report of the High Representative for Implementation of the Peace Agreement on Bosnia and Herzegovina to the Secretary-General

**1 January-30 June 2005**

*Summary*

1. In the first half of 2005, Bosnia and Herzegovina moved closer to meeting the requirements which would allow the opening of negotiations with the European Union (EU) on a stabilization and association agreement and to become a member of the NATO Partnership for Peace. The attainment of formal relationships with the European Union and NATO was recognized by the Peace Implementation Council in June as one of the key indicators of progress which could permit the international community to phase out its executive role in civilian peace implementation and basic State-building in Bosnia and Herzegovina. Despite considerable progress across the reform agenda, Bosnia and Herzegovina did not reach either target during the reporting period. Despite fulfilment of the NATO military/technical criteria by the end of 2004, much-improved cooperation with the International Tribunal for the Former Yugoslavia during the first half of 2005 and the removal of certain systemic weaknesses in the country's law-enforcement and security structures, the outstanding condition for Partnership for Peace membership remains full cooperation with the Tribunal. At the time of reporting, several major indictees, including Ratko Mladić and Radovan Karadžić, remain at large. The adoption of legislation on public broadcasting and agreement on police restructuring in line with European Commission principles remained the outstanding conditions required by the European Commission Feasibility Study.

2. As a consequence of these blockages, Bosnia and Herzegovina risked falling behind all its neighbours on the road to Euro-Atlantic integration. The main role of the Office of the High Representative has focused on supporting the country's fulfilment of these conditions set by the European Commission and NATO and on its own mission implementation plan, which aims to enhance the operational capacity and effectiveness of domestic institutions. The Office of the High Representative has sought to support the efforts of Bosnia and Herzegovina institutions to take on ever greater responsibility for their own affairs. In order to encourage increasing local ownership and responsibility, during the reporting period the Office of the High Representative minimized the number of instances where it used the Bonn Powers in order to impose legislation.

3. The European Union military mission in Bosnia and Herzegovina (EUFOR) successfully built up a credible reputation from the beginning of its deployment, becoming a key partner in support of the European Union's political objectives and the mission implementation plan. A predeployment public information campaign, the early launch of robust operations, active field patrolling, local observation team activities, weapons collection and other operations to ensure compliance with the General Framework Agreement for Peace and to prevent anti-Dayton activities have ensured a seamless transition from the Stabilization Force (SFOR) to EUFOR.

4. The European Union Police Mission (EUPM) began preparing for the end of its current mandate and planning for a follow-on mission during this period. EUPM continued to support the local police in developing management hierarchies designed to improve command and control, while also assisting the State-level Ministry of Security, the State Investigation and Protection Agency and the State Border Service to boost their management and operational effectiveness.

5. The Police Restructuring Commission completed its deliberations on 15 December 2004. Commission Chairman Wilfried Martens formally presented the report to Prime Minister Adnan Terzi and the High Representative on 14 January. The report set out a model for police reform based on the three principles endorsed by the European Commission, namely budgetary and legislative authority for policing lodged at State level; policing operations free of all political influence; and policing districts based on operational and technical criteria. After intensive lobbying, public campaigning and top-level political negotiations in the winter and spring (which resulted in revised proposals that had reflected, in particular, Serb concerns), late in May representatives of the Republika Srpska refused to agree to the proposed model police reform. Specifically, they rejected the fundamental principles endorsed by the European Commission on which the reform was based, including the abolition of the Republika Srpska Police and that policing areas should where necessary cross the Inter-Entity Boundary Line. Both the Office of the High Representative and the European Commission have insisted throughout that the three principles of the Commission are not negotiable. By rejecting them, the Republika Srpska government, led by the Serb Democratic Party (SDS), blocked the opening of negotiations on a stabilization and association agreement for Bosnia and Herzegovina and chose isolation over integration.

6. Defence reform, however, proceeded apace. Against the odds, a general consensus was built and maintained that encompassed the elimination of entity competencies, the transfer of all defence responsibilities and personnel to the State, abolition of conscription, and the establishment of a restructured and small reserve force to back up the downsized professional army.

7. A monitoring group for the International Tribunal for the Former Yugoslavia was established at the beginning of 2005 to work on the 12 tasks set for the Bosnia and Herzegovina authorities by the Tribunal. Partly as a result of this, and the tough sanctions imposed by the High Representative in 2004, the attitude of the Republika Srpska towards cooperation with the Tribunal substantially improved. For the first time since the war, the Republika Srpska government arranged the surrender and transfer of several indictees to The Hague, as well as working with Belgrade to facilitate other "voluntary" surrenders. It also mounted an advertising campaign urging the public to collaborate in ridding the Republika Srpska of this burden. Despite this progress, in the run-up to the Srebrenica anniversary, the continuing freedom of Karadzi and Mladi and other major Tribunal indictees is glaring.

8. The mandate of the Intelligence Reform Supervisor, Kalman Kocsis, was extended for a period of six months as the restructuring of the Bosnia and Herzegovina Intelligence and Security Agency continued in the fields of operations, analysis and administration. Appeals by more than 200 former employees, made redundant by the review process prescribed by the reform, were processed, while remaining members of staff were assigned to new positions.

9. The Office of the Registry for Sections I and II of the Court of Bosnia and Herzegovina and the Special Departments of the Prosecutor for War Crimes and Organized Crime and Corruption became fully operational on 1 January. The High Representative appointed the first group of judges and prosecutors, and trials of organized crime cases commenced.

10. As part of his effort to normalize Bosnia and Herzegovina and to hand over responsibility to domestic institutions, the High Representative decided in the spring to initiate a process of reviewing past decisions banning specified persons from participating in all political and public life. He lifted the restrictions on five such persons in May and June.

11. On the economic front, the Office of the High Representative continued to prioritize reforms designed to improve the business environment and to regulate the fiscal system in order to create a conducive environment for more jobs. These reforms also aimed to put the country on a more secure macroeconomic footing and to pave the way for eventual EU accession. Increasing economic stability was achieved during the reporting period, with the Bosnia and Herzegovina authorities assuming greater ownership. The Peace Implementation Council Steering Board welcomed, in particular, the establishment of the Fiscal Council of Bosnia and Herzegovina on 14 May and the extension of the mandate of the Fiscal Sustainability Working Group. Bosnia and Herzegovina moved closer to having a single economic (and fiscal) space.

12. The drafting of a law on salaries to provide a single system covering all State-level employees was completed in this period. The Republika Srpska continued, however, to obstruct the appointment of members to the State Property Commission, thus delaying the identification, distribution and regulation of public assets.

13. The unification of Mostar continued to progress in the first half of 2005. Cooperation between the moderate majorities of the main political parties started to show its effects as once ethnically divided institutions were unified, civil service appointments in line with the new civil service law were made, and a unified city budget was passed in June.

14. Efforts to ensure that Brcko District's multi-ethnic and democratic institutions are functioning effectively and permanently — and that the entities and State institutions respect the District's status as a self-governing administrative unit in consonance with the Final Arbitral Award — continued during the period. The Peace Implementation Council Steering Board welcomed in June plans to conclude an agreement between the Council of Ministers and the District government that would afford the District appropriate representation at State level.

## I. Introduction

15. This is my sixth report to the Secretary-General since assuming the office of High Representative in Bosnia and Herzegovina on 27 May 2002. As has been the norm, it assesses progress made towards attaining the goals outlined in previous reports, as well as reviewing developments during the reporting period.

## II. Political update

16. Despite considerable volatility on the domestic political scene, the international agenda in Bosnia and Herzegovina remained consistent over the first half of 2005. The overriding aim of the international community was to equip the Bosnia and Herzegovina authorities to pursue Euro-Atlantic integration and, in particular, to establish its first contractual relationships with both the European Union and NATO.

17. The opening of Bosnia and Herzegovina's negotiations on a stabilization and association agreement with the European Union depended on fulfilling the conditions that had remained unmet from the European Commission's November 2003 Feasibility Study. Of these, the two most prominent areas were police restructuring and public broadcasting. The Commission set out conditions for police reform that vested budgetary and legislative authority with the State, insulated the police from political interference and created local policing districts based on operational and technical criteria. However, Serb resistance to the European Commission's principles produced an ongoing stalemate. Repeated attempts to unblock the process through further negotiations and compromises were rejected. The Feasibility Study also required passage of public broadcasting legislation in line with European standards. At the time of reporting, Croat demands for an exclusively Croatian-language television channel were delaying adoption of public broadcasting laws.

18. The other main political objective was to meet the benchmarks set by NATO for Bosnia and Herzegovina to join the Partnership for Peace. The key to membership in the Partnership for Peace remained adequate cooperation with the International Tribunal for the Former Yugoslavia by the Republika Srpska, as the military/technical requirements for the Partnership had been met through adoption of the Defence Reform Commission recommendations. The Republika Srpska, in cooperation with Belgrade, engineered a new policy of negotiating "voluntary" (and lucrative) surrenders by Tribunal indictees based mostly in Serbia. Ten Bosnia and Herzegovina indictees were transferred to The Hague during the first half of the year. While commending this progress, NATO took the view that cooperation would not be deemed satisfactory until the most wanted fugitives, Mladić and Karadžić, had been apprehended. Since their apprehension required regional cooperation with Belgrade and Podgorica to be successful, the emphasis in defence reform shifted from attaining early Partnership for Peace membership towards completing the full range of reforms necessary to make Bosnia and Herzegovina a credible candidate for full NATO membership — once the hurdle of the Tribunal had been cleared.

19. The progress of the Defence Reform Commission, led by chairmen Raffi Gregorian and Nikola Radovanović, the Bosnia and Herzegovina Defence Minister, has been impressive. The Commission continued to operate on the basis of consensus, notwithstanding the ambitious goals set in December 2004. Final agreement on the abolition of the entity armies and defence ministries and the model that will provide the country with an integrated and democratically controlled army at State level was reached during the summer, outside the time frame of this report. Moreover, it will take a couple of years before the new structure envisaged by the Commission is fully realized. The result, however, will be a NATO-compatible army far sooner than might have been expected.

20. Domestic politics remained volatile. The Republika Srpska government reacted badly to the measures which the High Representative, the United States and EUFOR announced following the refusal of NATO in December 2004 to admit Bosnia and Herzegovina to the Partnership for Peace. Both the Republika Srpska government and two of the four Serb members of the Council of Ministers resigned in protest. By mid-February a new government, now appointed openly by SDS, had been formed in Banja Luka and, by the end of that month, it seemed that all the State-level ministers had agreed to remain in their positions.

21. In April there was further instability following a number of indictments of political figures. Blockages in Bosnia and Herzegovina's State institutions followed the indictments of the Croat member of the State Presidency, Dragan Čović, and the State transport minister, Branko Dokić, for financial crimes allegedly committed when they occupied previous posts. The Office of the High Representative insisted that both men resign, upholding the principle that those in executive positions in the State should stand down on indictment in order to preserve the integrity of their offices. Dokić eventually complied, but Čović refused. International officials limited their dealings with him, but the High Representative decided to remove him from office at the end of March. The Croat Presidency seat remained vacant until 9 May, when the Parliamentary Assembly elected the Croat National Union (HDZ) candidate, Ivo Miro Jović, to the post. Čović was subsequently elected president of this main Croat nationalist party.

22. The next bout of political instability occurred as a result of the long-running failure of the Council of Ministers to agree on whom to appoint as the head of the State Investigation and Protection Agency (SIPA). Having complained for some time that the Serb members of Council of Ministers were blocking reform — in particular over the appointment of a Croat to the SIPA post — Prime Minister Terzić floated the idea of early elections. Terzić then asked the High Representative to make the SIPA appointment in order to unblock the Council of Ministers. The High Representative proceeded to appoint the best-qualified candidate (who happened to be the Serb applicant that Ivanić had supported rather than the Croat backed by most other ministers). Terzić responded by deciding on 7 June to accept the resignation which Foreign Minister Mladen Ivanić had submitted in December 2004 but informally withdrawn in February. The latter, however, refused to accept that his old letter of resignation had any validity, let alone that Terzić had the authority to dismiss him. Since the Office of the High Representative took the view that both Ivanić and Dokić should retain their portfolios until replacements could be agreed upon — and since Terzić could muster no consensus among the parties comprising the coalition for doing so — the Council of Ministers continued to function with its composition unchanged.

## III. The European Commission Feasibility Study requirements

23. The successful conclusion in April of the Feasibility Study for Serbia and Montenegro left Bosnia and Herzegovina isolated as the only country in the region not to have a contractual relationship with the European Union. The EU Special Representative, in close cooperation with the European Commission, assumed a proactive role in explaining to the Bosnia and Herzegovina authorities and public that Belgrade had been required to meet tough conditions, including improved cooperation with the Tribunal and respect for the Constitutional Charter, before

winning the European Commission's positive *avis*. Bosnia and Herzegovina now had to fulfil its conditions, including the contentious ones of police restructuring and public broadcasting reform, if it too were to get the green light to start negotiations on a stabilization and association agreement.

24. Following the EU/Bosnia and Herzegovina Consultative Task Force meeting on 19 and 20 May, the European Commission assessed the progress made by the Bosnia and Herzegovina authorities in meeting the 16 priorities identified in the Feasibility Study. While commending the efforts of Bosnia and Herzegovina in the areas of international obligations, human rights, energy, governance, trade and the establishment of a single economic space, the Commission noted that significant progress had not been achieved in reforming either the police or public broadcasting. The Commission also underscored the need for continued progress leading to full cooperation with the Tribunal.

25. The Commission also pointed to several other fronts on which further work was necessary. Four laws ensuring the legal and technical framework of the Indirect Taxation Authority still needed to be in place if value added tax were to be introduced on time in January 2006. Laws on customs violations, procedures for indirect taxation, the Indirect Taxation Authority itself and procedures for enforcing payments had not yet been passed by the Bosnia and Herzegovina Parliament during the period under review. So, too, were laws on the merger of the State and entity ombudsmen and the establishment of an information society agency awaiting adoption by legislators.

26. Thirteen required agencies or institutions had not been fully established, in most cases because they lacked directors or management boards. These included the food safety agency, the public procurement agency, the procurement review board, the market surveillance agency, the information society agency and the institutes for standardization, metrology and intellectual property.

27. On the other hand, the entities had made notable progress in harmonizing their legislation with State-level standards, particularly as regards the single economic space (laws on insurance), refugee return (entity laws on refugees and displaced persons) and multi-year budget control. The passage of entity laws on conscientious objections and broadcasting awaited the prior adoption of the relevant State legislation.

## IV. Inculcating the rule of law

28. The Office of the High Representative continued to work to strengthen the capacity of the Court of Bosnia and Herzegovina by recruiting and appointing international judges and prosecutors for the special panels on organized crime and war crimes. More significantly, the Office of the High Representative oversaw the transfer of almost all domestic legal staff from the Rule of Law Department to the Court. They joined the Prosecutor's Office and the Registry, both of which were slated to become wholly domestic institutions on an accelerated basis.

29. In parallel, great emphasis was placed upon strengthening the capacity of local prosecutors working at the district and cantonal levels. The Office of the High Representative provided technical support to link prosecutors throughout the

country, enabling them to share experiences and strategies in dealing with the most difficult cases involving organized crime and corruption.

30. The Office of the High Representative continued participating, along with EUPM, in a working group on project management formed to enhance State-level law enforcement capacity by assisting the development of the Ministry of Security, SIPA, the State Border Service and Bosnia and Herzegovina Interpol. The Office of the High Representative also completed a survey of criminal and civil asset forfeiture laws in order to support efforts by the Ministry of Justice to find practicable solutions for dealing with the proceeds of crime.

31. The High Representative issued decisions placing two banks under the authority of a provisional administrator charged with overseeing their operations, analysing their transactions for evidence of fraud or other criminal activities and, where possible, recovering assets owed to the banks and their small depositors. The State Prosecutor indicted, tried and secured convictions of some persons implicated in the illicit operations of these banks. Further trials stemming from these cases remain likely.

32. The Office of the High Representative worked to facilitate contacts and cooperation both within the region and farther afield among legal assistance organizations, prosecutors and law enforcement agencies dealing with organized crime and terrorist networks. Such organizations include the South Eastern Europe Prosecutorial Advisory Group, the EU Judicial Cooperation Unit and other EU frameworks and bodies, Interpol, the Southeast European Cooperation Initiative Anti-Crime Centre and SIPA.

## V. War crimes chamber

33. The first international Registrar responsible for the War Crimes and Organized Crime Chambers within the Court of Bosnia and Herzegovina took up his post early in the year. During the first three months of 2005, the War Crimes Project transitioned out of the Office of the High Representative and the Registrar assumed responsibility for the management and administration of the War Crimes Chamber. The Rule of Law Department convened and chaired a working group on extradition, tasked with proposing solutions to the myriad problems posed by requests to extradite citizens of neighbouring countries for war crimes trials in the Court of Bosnia and Herzegovina.

## VI. Cooperation with the International Tribunal for the Former Yugoslavia

34. Both the Republika Srpska government and the authorities in Belgrade have made notable progress in improving their cooperation with the International Tribunal for the Former Yugoslavia since the last report. Of the 18 Bosnia and Herzegovina-linked fugitives wanted by the Tribunal at the beginning of 2005, 10 had been transferred to The Hague by the end of June. This is a significant, if long overdue, step forward by the authorities in the Republika Srpska and Serbia and Montenegro. On the other hand, the most-wanted indictees, Karadži and Mladi, remained among the seven fugitives still on the Tribunal's list at the end of the

summer. In the run-up to the Srebrenica anniversary, and with the airing by the Tribunal of a video showing a "Scorpion" detachment executing Bosniaks in the Srebrenica area in 1995, their continuing freedom is glaring. Only unremitting pressure on the Republika Srpska and Serbia and Montenegro can bring this utterly unacceptable situation to a close.

35. Spurred on by the Peace Implementation Council, Prime Minister Terzić and the High Representative established a high-level monitoring group for the Tribunal in February. The purpose was to ensure that all relevant ministries and agencies actually shared information and coordinated their activities. The momentum generated by their frequent meetings between February and April proved helpful in correcting most of the individual and structural flaws that obstructed cooperation with the Tribunal and hindered compliance with EU directives to which Bosnia and Herzegovina had signed up. A few such issues remained, but a less formal monitoring process looked likely to ensure their final resolution.

## VII. Reforming the economy

36. The EU accession agenda continued to drive the country's economic reform programme. Unfortunately, the gulf between the expectations raised by the reforms and the benefits felt by ordinary citizens widened steadily. For this reason, reform fatigue has become almost palpable in Bosnia and Herzegovina. While most transition countries have experienced this phenomenon, the transition pains of Bosnia and Herzegovina have been compounded by the fact that the reform process has faltered and, on occasion, broken down completely amid national political infighting and institutional sclerosis.

37. Nonetheless, the Bosnia and Herzegovina authorities took some significant steps towards increasing intergovernmental coordination on fiscal matters. On 11 February the Working Group on Fiscal Sustainability was launched. Comprising a panel of experts from government and academe, its mandate was to advise on the means of achieving significant savings at all levels of government. This group was expected to produce concrete policy recommendations in time for the several governments' budgeting process, both for 2006 and beyond. Moreover, on 14 May the State and entity prime ministers and finance ministers established the Bosnia and Herzegovina Fiscal Council. A major task of the Fiscal Council will be to ensure that the consolidated budget of Bosnia and Herzegovina contains enough space to accommodate the funding needs of those institutions crucial to the country's security and its EU aspirations.

38. Efforts to reform and restructure the transport sector yielded concrete results when the Parliamentary Assembly passed the law on railways of Bosnia and Herzegovina in June. This law was a linchpin of a larger process of transforming the sector in accordance with the relevant European Commission directives and best international practice.

39. The reporting period also saw passage of entity enabling legislation on the registration of business enterprises. This legislation, in conjunction with the relevant State-level framework law, should provide a new business-friendly system for the registration of business enterprises in Bosnia and Herzegovina.

40. Progress in agriculture and the privatization of public enterprises lagged behind. Bosnia and Herzegovina still lacked a coherent agricultural policy. In order to help resolve this problem, the Office of the High Representative recommended that a working group responsible for the implementation of EU recommendations should be established. The Bosnia and Herzegovina authorities failed to act upon that recommendation during the period. Despite some individual privatization successes during the first half of the year, the overall privatization effort remained lacklustre at best. Fractured administrative responsibility for privatization, especially in the Federation, compounded the problem.

## VIII. Strengthening the State Government

41. The Joint Action Plan for Staffing and Premises, which Prime Minister Terzić presented to the Peace Implementation Council in September 2004, continued to function with strong involvement on the part of the Office of the High Representative. The aim of this plan is to ensure that Bosnia and Herzegovina government ministries and agencies are staffed and housed in a manner adequate to implement the reforms adopted, as well as to develop the capacity required to proceed with European integration. The plan had two principal components, as described below.

42. The Commission for Premises Management, established in October 2004, identified a number of properties suitable to accommodate State institutions. It negotiated the use of these buildings with other levels of government. It has also sought to reallocate offices to ministries in most urgent need of space and staff.

43. The Commission for Public Assets was charged with identifying criteria for distributing (or redistributing) public property between different levels of government in accordance with their responsibilities. It did not commence work during the reporting period. Only in June did the Republika Srpska government adopt a decision to nominate its three representatives on the Commission. In order to ensure that no public assets were sold off before a law on State property had been drafted, and thus to ensure that there was work for the Commission to do, the High Representative imposed a temporary ban on the sale of public assets on 19 March.

## IX. Public administration and civil service reform

44. Public administration reform continued. All the outstanding European Commission-funded "functional reviews" of the public sector in Bosnia and Herzegovina were completed and their results presented to the public during the reporting period. The National Public Administration Reform Coordinator, with the support of the European Commission, international donors and the Office of the High Representative, was charged with overseeing the follow-up. Public administration reform was also incorporated in the Bosnia and Herzegovina European Partnership Programme.

45. The Bosnia and Herzegovina Civil Service Agency, in close cooperation with the Office of the High Representative, prepared and lobbied for a number of amendments to the Civil Service Law with the overall aims of enhancing staff quality and speeding up the recruitment process. This "package" also included amendments addressing deficiencies in the law that were discovered during its

application. These amendments were adopted in June. The Office of the High Representative will monitor their implementation.

46. The Federation Civil Service Agency, which had been established with the support of the Office of the High Representative in 2004, has worked at full capacity since January 2005. During the reporting period it reviewed 1,214 civil service posts in 77 Federation bodies. The Office of the High Representative followed the work of the agency in order to exclude overt party patronage from the hiring process, meanwhile offering advice on human resources legislation and policy.

## X. Defence reform

47. Defence reform made impressive progress in 2005 under the guidance of chairmen Raffi Gregorian and Nikola Radovanović, the Defence Ministers of Bosnia and Herzegovina. The Defence Reform Commission's extended mandate for 2005 tasked it with tackling the systemic weaknesses that both NATO and the Tribunal had detected. The reform proposals recommended by the Commission and endorsed by both entity parliaments in mid-2005 corrected these systemic weaknesses, and affirmed the commitment and readiness of Bosnia and Herzegovina to participate in the NATO Partnership for Peace. The 2005 reforms should eventually enable Bosnia and Herzegovina to meet the military/technical criteria for full NATO membership — a declared foreign policy goal of Bosnia and Herzegovina.

48. Civilian control over the armed forces has been in place since 2003, with the Bosnia and Herzegovina Parliamentary Assembly providing strong and determined democratic parliamentary oversight. The legislation agreed by the Defence Reform Commission during the reporting period (but adopted by the entity parliaments thereafter) will mean that the entities cede their remaining defence responsibilities and institutions to the State on 1 January 2006. Full implementation of the reforms will mean a single, State-level Ministry of Defence with one budget for the armed forces, a joint staff, plus support and operational commands. The Bosnia and Herzegovina Presidency will thus exercise supreme command over a unified, downsized and fully professional Bosnia and Herzegovina army.

49. The phased implementation of the reforms is likely to take up to two years to complete. The Bosnia and Herzegovina Minister of Defence has been charged with leading a team of experts in coordinating this logistically challenging transition task. NATO is expected to continue providing both the assistance and advice needed to press forward. For its part, the Office of the High Representative aims to maintain the capacity to coordinate the political and institution-building aspects. The Organization for Security and Cooperation in Europe, EUFOR and the United Nations Development Programme are also expected to play their allotted parts in what has been an amazingly successful joint venture, but one which will still pose complex challenges if it is to be fully realized.

50. On the other hand, the defence reform trajectory in 2005 has signalled the country's increasing determination and capacity to function without international oversight in this sphere. The new structure being established will help move Bosnia and Herzegovina from the Dayton to the Brussels eras, and should set the stage for concluding the military aspects of the Dayton-Paris peace accords in due course.

## XI. Intelligence reform

51. Although intelligence reform commanded less international attention — and demanded less assistance — than did defence reform, the Office of the High Representative considered the reform of this sector as an integral part of the process to establish the rule of law in Bosnia and Herzegovina. Without it, reform of the entire security sector would have been incomplete.

52. Since its establishment on 1 June 2004, the Intelligence and Security Agency has focused on threats to the security of the State. The Agency has no police powers, but is legally obliged to collect, analyse and disseminate intelligence on various categories of organized criminal activity. The Agency therefore represents an essential complement to the country's law enforcement agencies in the fight against terrorism, corruption and organized crime.

53. Thanks to competent and accountable domestic management and wise supervision by the Executive Intelligence Committee, intelligence reform progressed substantially during the period under review. The Office of the High Representative will continue to monitor future developments, more especially as it will take some time yet for a fully professional and mature agency to emerge. In any case, the irreversibility of the reform and consolidation now taking place in this sensitive sector will only be obvious after some years have passed. The Office of the High Representative remained encouraged, however, by the responsible and ambitious approach of the Bosnia and Herzegovina authorities to establishing a functional and responsible intelligence agency.

## XII. The European Union military mission

54. The transfer of authority from SFOR to EUFOR took place on 2 December 2004. The need to prepare the Bosnia and Herzegovina public and governments for this historic change was recognized from the start of planning for Operation Althea, as was the importance of ensuring a seamless transition and demonstrating from the start that EUFOR would possess a mandate as robust as that of the outgoing NATO-led force. Bosniaks in particular required reassurance on this score, while it was vital to convince everyone that the distinct mandate and European provenance of EUFOR implied a step forward in the country's aspirations towards EU integration.

55. Pre-launch public information campaigns, designed and run by the EU Special Representative's press team in cooperation with the EU Planning Team and NATO/SFOR, helped ensure that Operation Althea was widely understood by the time the transfer took place. The emphasis placed on the European Union's deepening commitment to Bosnia and Herzegovina appears to have been well received.

56. The early operations of EUFOR, starting with Operation Stable Door[1] only a fortnight after the handover, and continuing with the three-part Operation Spring Clean, were vital in demonstrating that EUFOR was serious, capable and intent upon making a difference on the ground. While the seamless transition from SFOR sent a message of continuity, initial and ongoing activity of EUFOR in support of

[1] This operation inspected underground military facilities in Bosnia and Herzegovina, including the bunker near Han Pijesak where Mladić was suspected of sheltering in summer 2004.

civilian implementation, especially in support of EU objectives, signalled a fresh approach.

57. EUFOR currently comprises some 6,200 troops from 22 EU member States and 11 third countries.[2] The force is deployed throughout Bosnia and Herzegovina, with three regional multinational task forces and headquarters in Sarajevo. It has continued to conduct operations in Bosnia and Herzegovina in line with its mandate to ensure compliance with its responsibilities under annexes 1a and 2 to the General Framework Agreement for Peace and to contribute to the maintenance of a safe and secure environment. The multinational task forces conducted a variety of operations, including "presence patrolling", local observation team activities, weapons collection, specific operations to ensure compliance with the Framework Agreement and to prevent anti-Dayton activities, and information campaigns designed to complement all other activities.

58. EUFOR has also been proactive in conducting a series of coordinated operations to support the mission implementation plan as well as the domestic authorities and law enforcement agencies. Several EUFOR operations were targeted at organized crime and led to prosecutions. The Bosnia and Herzegovina policing agencies have latterly taken the lead in proposing and planning such operations.

59. The strong start made by EUFOR helped it quickly to build the sort of reputation required to back up the political objectives of both the European Union and the Office of the High Representative. The EU Council of Ministers is scheduled to meet in November to discuss the second EUFOR mission review and agree on the mandate and force structure for 2006.

## XIII. Mostar

60. The programme to unify the city of Mostar made significant progress, despite the complexity of the project and the continued obstruction by hardliners on both sides. The newly elected mayor pressed on with making civil service appointments according to the EU standards enshrined in the Federation's new Civil Service Law. The aim was to create the core of a genuinely multi-ethnic city administration, appointed without political interference, which would be a first for Bosnia and Herzegovina. Several city institutions were structurally unified and, where delays persisted, these were mostly the result of legal or technical problems rather than political disagreements. In the face of severe financial pressures, a city budget was finally passed in June and a major effort commenced to recover several million euros worth of uncollected revenues inherited from the former city municipalities.

61. Economic and infrastructure development was also significant, with an upsurge in tourism. The airport reopened to both scheduled and charter flights, while hotel redevelopment got under way. A Federation-level agreement on the long-disputed ownership of the nationally vital firm Aluminium Mostar opened the

[2] Member States contributing to EUFOR: Austria, Belgium, Czech Republic, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and United Kingdom. Non-EU contributors: Albania, Argentina, Bulgaria, Canada, Chile, Morocco, Norway, New Zealand, Romania, Switzerland and Turkey. Cyprus and Malta also contribute to the costs of the operation.

way for its major expansion. The long-stalled plan to move several Federation government ministries from Sarajevo to Mostar inched forward during the period. Their eventual transfer should provide a further boost to the city and its economy. Major works on public and commercial buildings, accommodation for returning displaced persons and improvements to the transport infrastructure also progressed.

62. Several major tasks remained, particularly the politically sensitive reunification of the city's cultural institutions. However, substantial completion of the main phase of implementing this project should be achieved by the end of 2005. The Mostar Implementation Unit is therefore scheduled to close on 30 November. The Office of the High Representative regional office should be able, however, to offer any active support that the mayor and city council might need in finalizing uncompleted elements of the unification programme.

## XIV. Brcko

63. Brcko District of Bosnia and Herzegovina celebrated its fifth birthday in March. It did so with its first popularly elected assembly and government in place, with a well-deserved reputation for having one of the most effective, multinational and business-friendly administrations in Bosnia and Herzegovina, and with the thoughts of the Office of the High Representative turning increasingly towards completion and closure.

64. Only a few items stemming from the Arbitral Tribunal's 1999 final award remained to be completed. The most important of these concerned the elimination of the residual legal traces of the former Inter-Entity Boundary Line in the District. This means, in effect, the harmonization of laws and regulations inherited from the two entities and three former municipalities. Once this and a handful of other tasks have been accomplished, the international Supervisor should be able to report fulfilment of the final arbitral award to the Tribunal and recommend closure of the Brcko Final Award Office to the Peace Implementation Council.

65. Before this can be done, however, the Supervisor and the District government have sought both to clarify the District's prerogatives vis-à-vis the State and to establish a relationship with the Council of Ministers that would ensure the permanence of Brcko's self-governing status under the terms of the final award when the supervisory regime is terminated.

66. Meanwhile, efforts continued to put relations between the State and Brcko District on a firm footing. This included establishing a Brcko District office within the Bosnia and Herzegovina Council of Ministers and securing access by the District authorities to the Bosnia and Herzegovina Parliamentary Assembly and Constitutional Court. The latter two objectives are likely to take even longer to achieve. OHR had hoped that a political agreement between the Council of Ministers and Brcko District might render the legal process before the Tribunal largely irrelevant, providing the District with guarantees that its views would be considered and its legitimate interests protected by the State-level executive.

## XV. Bosnia and Herzegovina and the region

67. While relations between Bosnia and Herzegovina and its neighbours remained cordial overall, some key peace implementation issues remained unresolved. The country's borders with both Croatia and Serbia and Montenegro were still undefined by treaty, 10 years after Dayton. In addition, access to Croatia's Adriatic port of Ploce remained unsettled. The High Representative asked the Steering Board of the Peace Implementation Council for permission to remove these issues from his mission implementation plan and to suggest, instead, that member States should follow them up in their bilateral relations with Croatia and Serbia and Montenegro. International leverage appeared necessary to clear these deadlocks, which were not primarily of Bosnia and Herzegovina's making. International pressure also remains critical to ensuring that fugitives from the Tribunal from Bosnia and Herzegovina who are at large in neighbouring or distant countries should be brought to justice. Their continuing liberty still bedevils efforts to normalize political and human relationships in Bosnia and Herzegovina.

68. Finally, developments in the wider region will doubtless impact upon Bosnia and Herzegovina over the next few months and years. The issue of the final status of Kosovo has already had an effect in the country, as illustrated by the statement by Serbia and Montenegro Foreign Minister Vuk Drašković in June that independence for Kosovo would inevitably raise questions about the status of Republika Srpska within Bosnia and Herzegovina. Javier Solana and United States Under Secretary of State Nicholas Burns joined the High Representative in condemning this attempt to question the territorial integrity of Bosnia and Herzegovina, especially coming from a statesman representing a signatory of the Dayton accords. It is likely, however, that as the issues of Kosovo and the future of the State union of Serbia and Montenegro come to dominate regional politics, supposed links between these questions and the future of Bosnia and Herzegovina will be suggested again in Belgrade, Banja Luka and beyond. They should be strongly refuted.

## XVI. The European Union Police Mission

69. The Mission began planning both for the expiry of its current mandate and for a follow-on mission during the reporting period. A quality control and evaluation process was established to review progress towards the mission's four strategic priorities:

- Institution and capacity-building
- The fight against organized crime and corruption
- Financial viability and sustainability of local police
- Developing police independence and accountability.

70. EUPM continued assisting in developing a hierarchy of domestic decision-making, from the political level down to the local police unit. Key bodies are the re-established Ministerial Cooperation Council on Police Matters and the Police Steering Board. The Mission further advised on the creation of countrywide project implementation boards.

71. The Ministry of Security developed during the first six months of 2005, recruiting additional personnel and establishing operational sectors. During this period, the Minister took over the chairmanship of the Ministerial Cooperation Council on Police Matters, the aim of which is to improve cooperation between and among different police agencies. The Ministry also chaired a working group that aimed to define the country's security policy and, in turn, produce draft legislation, strategies and plans.

72. The State Investigation and Protection Agency (SIPA) finally found temporary accommodation in Sarajevo during the reporting period. Planning to secure permanent facilities continued. As at 1 July, SIPA had 613 staff members (out of a projected complement of 1,000). Bosnia and Herzegovina was invited in June to join the Egmont Group of States, a worldwide network connecting law enforcement agencies combating money-laundering. EUPM transferred the "Crime Hotline" operation to SIPA on 30 March. Like other efforts to build criminal intelligence capacity, this was an example of the programmatic approach adopted by EUPM.

73. The State Border Service (SBS) celebrated its fifth birthday in June 2005. Concerted efforts by EUPM and SBS itself have resulted in improvements in its management culture and operational effectiveness. Difficulties in identifying a suitable candidate for the long-vacant SBS directorship, combined with disagreements among the ruling parties over which constituent people should get this job, persisted over the reporting period. SBS also suffered from tight budget constraints and staff shortages. The service has, however, registered some successes. For example, a joint SBS-EUFOR operation led in April to the seizure of 123 kilograms of heroin, the largest ever drugs haul in Bosnia and Herzegovina.

74. Bosnia and Herzegovina Interpol developed into a fully equipped and functional national office, with good contacts with both the Interpol General Secretariat in Lyon and partners throughout the region. Technical agreements between Interpol Sarajevo and entity and State-level law enforcement agencies have been signed. International community donations continue.

## XVII. Police certification

75. A significant number of former police officers denied certification by the International Police Task Force (IPTF) before 2003 asked EUPM to review these decisions during the first half of 2005. As no legal appeal remedy exists — and no policy for possible review of certification decisions in certain cases has yet been formulated — complaints could only be lodged and logged.

76. Some of these ex-police officers challenged their failure to win IPTF certification before the courts during the period. EUPM monitored the court proceedings and verdicts. In cases where the courts ruled in favour of the complainant, EUPM advised local police authorities to appeal the decision. The Federation Supreme Court later issued a ruling that sets a precedent for similar cases when it declared that negative IPTF decisions on certification were inviolable. This verdict upheld the supremacy of the certification procedure over domestic law.

77. Owing to efforts by the Office of the High Representative and EUPM, Bosnia and Herzegovina legislation now stipulates that all police officers denied certification (or whose provisional authorization was withdrawn) must be dismissed,

thus providing a solid legal basis for decisions by both the local authorities and the international community.

## XVIII. Media development

78. The reform of the public broadcasting system continued to trail behind other reforms required by the Feasibility Study. On 1 February the Council of Ministers adopted and improved the draft public broadcasting system law, which provides for the creation of a common system made up of three multi-ethnic services, broadcasting in all three official languages. Although the Bosnia and Herzegovina House of Representatives passed the public broadcasting law on 18 May, HDZ, persisting with its demand for a separate Croat-language channel, invoked "vital national interest", so sending the law to the Constitutional Court for review. The Constitutional Court rejected this appeal, but the law remained stalled in the upper house beyond this reporting period.

## XIX. The mission implementation plan

79. Since the first mission implementation plan in 2003, two core tasks have been declared complete, leaving four, namely, entrenching the rule of law; reforming the economy; institution-building; and defence reform. Significant progress was made on all fronts in 2005, but in June 2004 the Peace Implementation Council noted some slackening in the completion of tasks. The primary causes were Republika Srpska obstruction of police restructuring and the relative dysfunction of the Council of Ministers that has been noted above.

80. To address this slowdown, the Office of the High Representative instituted a new system to promote progress on the mission implementation plan. For each outstanding item, the Office commissioned a detailed action plan containing a critical path to the item's completion, including who would be responsible for action on the item, and when. The action plans should allow better calibrated monitoring of items in real time, and alert the High Representative and his deputies to any blockages that might arise. This should enhance their ability to engage proactively to overcome such obstacles.

81. As reported above, the High Representative also asked the Peace Implementation Council to remove four subprogrammes related to regional stability and cooperation, transferring these to States members of the Council for bilateral action.

82. At the time of writing, there were 70 items of the mission implementation plan outstanding. These were spread throughout core tasks of the Office of the High Representative: entrenching the rule of law (19); reforming the economy (18); institution-building (31); and defence reform (2). While a number of items had fallen behind schedule, most of the target dates in the approved action plans remained within the current calendar year. Only eight plans have seen their target completion dates extended from 2005 into 2006.

## XX. Reporting schedule

83. In keeping with my proposal to submit regular reports for onward transmission to the Security Council, as required by Security Council resolution 1031 (1995), I aim to present my next — and last — report in January or February 2006. That report will cover the period from 1 July until the end of my mandate. Should the Secretary-General or any Security Council member require information at any other time, I would be pleased to provide a written update.

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## Letter dated 3 November 2005 from the Secretary-General addressed to the President of the Security Council

I would like to refer to Security Council resolution 1603 (2005) by which the Council requested me to designate, as an exceptional arrangement, a High Representative for the elections in Côte d'Ivoire, autonomous from the United Nations Operation in Côte d'Ivoire (ONUCI), to assist in the work of the Independent Electoral Commission and the Constitutional Council. In the same resolution, the Security Council called upon the donor community to provide all the necessary financial resources to the High Representative to support the full implementation of his mission.

As you are aware, in July 2005, I appointed Antonio Monteiro as the High Representative. Since taking up his post, Mr. Monteiro has significantly contributed to the resolution of some key issues pertaining to the organization of open, free, fair and transparent elections in Côte d'Ivoire. On 12 October 2005, he briefed the Security Council on those issues and on his activities.

The United Nations Development Programme (UNDP) put in place a project to receive contributions from donors to support the work of the High Representative and his office. In addition, UNDP made an advance payment of 600,000 United States dollars to that project against future contributions from the donor community, thus enabling the High Representative to perform his mandated functions up to now.

I wish, however, to inform the Council that the anticipated contributions have yet to materialize. The lack of funding for the High Representative's activities is particularly worrying, considering that preparations for the elections are a crucial component of the post-30 October arrangements put in place by the African Union decision of 6 October 2005 and endorsed by the Security Council through its resolution 1633 (2005).

While UNDP and the Secretariat will continue to work with the donor community, I also wish to strongly appeal to members of the Security Council, in particular, to take the lead in fulfilling their responsibilities emanating from their own decision by contributing to this very important project.

I should be grateful if you would bring this matter to the attention of the members of the Security Council.

(*Signed*) Kofi A. **Annan**

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